

The complaint

Miss O is unhappy that HSBC UK Bank Plc (HSBC) won't reimburse money she lost to a scam.

The complaint is brought on Miss O's behalf by a professional representative.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In summary, Miss O has explained that between September 2020 and January 2021 she made payments from her HSBC account to buy cryptocurrency which she ultimately lost to an investment scam.

Miss O has explained that she was deceived by scammers into making payments towards what she thought was a legitimate investment with a company I will refer to as "C". She says she transferred a total of £15,700 from her HSBC account to a legitimate cryptocurrency platform as part of the scam. The funds were then moved from the cryptocurrency platform onto the scammers.

Miss O said she realised she had been scammed in 2022 when C were no longer providing updates and other investors were becoming increasingly alarmed at this on social media platforms.

Miss O raised a complaint with HSBC in May 2024. HSBC didn't think it had done anything wrong by allowing the payments to go through. So, Miss O brought her complaint to our service.

Our Investigator looked into the complaint but didn't uphold it. Our Investigator didn't think the payments Miss O made were unusual and so she didn't feel HSBC should have identified a scam risk. Miss O didn't agree. She said, in summary, that the payments were being made to a cryptocurrency exchange, and given the risks associated with cryptocurrency she should have received a warning about the payments she was making. She also believed that she would have listened to a warning provided by HSBC.

Miss O's complaint has now been passed to me for review and a decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm sorry to disappoint Miss O, but I'm not upholding her complaint - for broadly the same reasons as the Investigator.

Miss O has provided us with very limited information on her involvement in this scam. For example, it's not clear how Miss O came across this investment opportunity or what conversations she had with the scammers which encouraged her to invest. We haven't been

provided with any evidence from the cryptocurrency exchange or shown any information that the funds were sent onto the scammer. I'd usually be looking for some more evidence to show that Miss O was involved in the scam. There were also several credits into Miss O's account from various third parties before she made some of the payments to C. So, it's not clear if all the funds lost to this scam belonged to Miss O and that she has suffered the all the losses she's described. But because these points don't make a difference to the outcome of her complaint, I'm going to proceed on the basis that Miss O did suffer a loss to the scam she's described.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) provides refunds in certain circumstances when a scam takes place. But as HSBC has pointed out, these payments aren't covered by the CRM code. This is because it doesn't cover payments made to an account held in a person's own name. I've therefore considered whether HSBC should reimburse Miss O under any of its other obligations.

In line with the Payment Services Regulations 2017, consumers are generally liable for payments they authorise. HSBC is expected to process authorised payment instructions without undue delay. But in some circumstances a bank should take a closer look at the circumstances of the payments – for example, if it ought to be alert to a fraud risk, because the transaction is unusual for the customer, or looked out of character or suspicious. And if so, it should intervene, for example, by contacting the customer directly, before releasing the payments. But I'd expect any intervention to be proportionate to the circumstances of the payment. I have also kept in mind that banks such as HSBC process high volumes of transactions each day, and that there is a balance to be found between allowing customers to be able to use their accounts and questioning transactions to confirm they are legitimate.

HSBC didn't identify that Miss O might be at risk of financial harm from a scam when she made the disputed payments. And having reviewed her account statements, I can't conclude that the payments made to the scam would have looked particularly unusual or out of character to HSBC. The highest payment made in relation to the scam was £2,320, but the majority of the transactions were £500 and under. All the payments made were relatively modest so I can't say HSBC should have been particularly concerned about them or that they would have presented an obvious scam risk in value alone. I accept that some of the payments she made to the scam were higher in value than the payments Miss O usually made from her account. But a customer making some larger payments, compared to their usual spending is not uncommon, so I wouldn't have expected HSBC to intervene on the payments because of this.

I've also considered the frequency of the payments. The scam payments were made over a five-month period and although there was a slight escalation in frequency, I still wouldn't have expected that to have caused HSBC concern. The payments did not increase significantly during this time, which is something that can happen when a customer is falling victim to a scam.

Miss O has advised that HSBC should have intervened as the payments related to cryptocurrency. The payments were made to a legitimate cryptocurrency exchange. And while there are known fraud risks associated with cryptocurrency, as scams like this have unfortunately become more prevalent, not all payments related to cryptocurrency are scam related. This means that I wouldn't expect HSBC to intervene on a payment just because it related to cryptocurrency. Miss O also received a few credits from the cryptocurrency exchange, including one large payment. This is not usually what you would expect to see in a scam scenario, so it's unlikely that HSBC would have thought Miss O was at risk from these payments.

Miss O believes HSBC should have done more to protect her especially given the fact the payments were sent to a new payee. However, I don't find that a payment to a new payee is in itself suspicious enough to mean that HSBC should have considered that Miss O was at risk of financial harm and contacted her before it made the payments.

So, while HSBC should be looking out for signs that its customers are at risk of financial harm from fraud, I'm not persuaded the value, frequency or destination of the payments were so unusual or suspicious for HSBC to have suspected Miss O was at risk of financial harm - thereby prompting it to intervene before processing them.

Taking all of this into consideration, I don't think HSBC ought to have done more before following the instructions Miss O gave.

Miss O's representative has also requested compensation in addition to a refund of the scam payments made. But I can't see any reason which would suggest compensation is warranted in the circumstances of the complaint as I have not found anything to suggest HSBC have acted incorrectly.

Could HSBC have done anything else to recover Miss O's money?

There are industry standards around attempting recovery of funds where a scam is reported.

It's not clear if HSBC attempted recovery of Miss O's funds, but there was a three-year delay in her reporting the scam. She's also confirmed she sent her payments from her cryptocurrency account onto the scammers and at this point they would have been lost. So, I don't think there was any realistic prospect of HSBC recovering the funds even if it had been attempted.

I'm sorry to hear Miss O suffered a financial loss as a result of what happened. But it would only be fair for me to direct HSBC to refund her loss if I thought it was responsible – and I'm not persuaded that this was the case. For the above reasons, I think HSBC has acted fairly and so I'm not going to tell it to do anything further.

My final decision

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 3 July 2025.

Aleya Khanom
Ombudsman